

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-06 NEA-10 IO-10 ISO-00

FEA-01 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03

H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06

PRS-01 SP-02 OMB-01 OIC-02 /133 W

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FM USDEL MTN GENEVA

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INFO AMEMBASSY BELGRADE

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

AMEMBASSY BUENOS AIRES

AMEMBASSY CAIRO

AMEMBASSY CANBERRA

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AMEMBASSY TOKYO

AMEMBASSY VIENNA

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PASS STR, CODEL

E.O. 11652: NA
TAGS: ETRD GATT
SUBJ: MTN: TARIFFS GROUP MEETING JULY 7-10: FINAL REPORT

REF: MTN GENEVA5371

1. SUMMARY. JULY 10 SESSION OF TARIFFS GROUP COVERED REMAINING ITEMS ON SECRETARIAT TARIFF PLAN CHECKLIST (MTN/TAR/W/4), UNIT OF REFERENCE, AND REPORT TO TNC. SESSION HIGHLIGHTED BY: (1) GROUP AGREEMENT IN PRINCIPLE TO HAVE SECRETARIAT DO ANALYSIS IN FUTURE FO EFFECT ON TRADE OF LDCS OF FORMULAE SERIOUSLY PROPOSED; (2) ABSENCE OF SUBSTANTIVE DISCUSSION ON EC UNIT OF REFERENCE PROPOSAL; AND (3) LDC INSERTION IN CHAIRMAN'S SUMMING UP OF MEETING THEIR VIEW THAT LACK OF PROGRESS IN DEVELOPING SPECIAL PROCEDURES FOR DC-LDC TARIFF NEGOTIATIONS SHOULD BE TAKEN UP AT TNC MEETING. END SUMMARY.

2. TARIFF GROUP COVERED REMAINING TOPICS ON SECRETARIAT CHECKLIST: EXCEPTIONS, THE LINK BETWEEN TARIFF CONCESSIONS AND PROBLEMS OF SPECIFIC NTBS, AND COUNTRIES TO BE EXEMPTED FROM THE APPLICATION OF THE GENERAL TARIFF FORMULA.

(A) EXCEPTIONS. EC (DUGIMONT) STATED THAT IT IS NOT NECESSARY TO DEVELOP DETAILED EXCEPTIONS PROCEDURES UNTIL AFTER FORMULA SELECTED. AUSTRALIA (MOORE-WILTON) REPLIED THAT EXCEPTIONS EXERCISE INTEGRAL PART OF FORMULA DEVELOPMENT SINCE SOME FORMULA PROPOSALS WOULD HAVE TREMENDOUS IMPLICATIONS FOR EXCEPTIONS (ESPECIALLY THOSE WITH BUILT-IN FLOORS), AS WOULD LIMITED OFFICIAL USE

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EXCEPTING OUT MAJOR CATEGORIES OF PRODUCTS (READ AGRICULTURE); ANY FORMULA APPROACH SHOULD CONTAIN PROVISION TO HANDLE EXCEPTIONS. CANADA (DENIS) STATED THEY ATTACH GREAT IMPORTANCE TO MULTINATERAL SURVEILLANCE OF EXCEPTIONS--E.G. CONFRONTATION AND JUSTIFICATION (C&J) EXERCISE. U.S. (MCNAMARA) INDICATED THAT MORE DETAILED DISCUSSION OF PROCEDURES FOR EXCEPTIONS WOULD BE USEFUL TOPIC FOR NEXT MEETING,

NOTING THAT MANY BELIEVED THAT C&J EXERCISE IN KENNEDY ROUND WASNOT VERY FRUITFUL.

(B) LINK OF TARIFF CONCESSIONS WITH SPECIFIC NTBS. YUGOSLAVIA (TOMIC) STATED THAT SPECIFIC NTMS (E.G. QRS) BEING HANDLED IN OTHER GENERAL FORMULAE (NTM) AND SECTOR GROUPS, AND INDICATED NO DESIRE TO DUPLICATE WORK OF THESE OTHER GROUPS. AUSTRALIA OBSERVED THAT THERE WAS NO INDICATION THAT MULTILATERAL SOLUTIONS TO QRS AND CERTAIN OTHER NTMS WILL BE FOUND. WHERE NTMS HAVE SPECIFIC IMPACT, THE PROBLEM MUST BE EXAMINED, AUSTRALIA CLAIMED, IN BOTH THE TARIFFS AND NTM GROUPS. IT PROPOSED THAT A FILE OF INFORMATION ON SPECIFIC NTBS BE ADDED TO THE TARIFF RATE INFORMATION FILE. CANADA SAID IT WAS NECESSARY TO EXAMINE TOTAL PICTURE OF CONCESSIONS ON SPECIFIC ITEMS. BRAZIL ALSO AGREED INDICATING THAT FOR COUNTRIES NEGOTIATING ON AN ITEM-BY-ITEM BASIS, SPECIFIC NTBS MUST BE CONSIDERED; FURTHERMORE, A LIBERALISATION OF SPECIFIC NTBS MIGHT BE A FORM OF COMPENSATION FOR EROSION OF GSP MARGINS. U.S. QUESTIONED UTILITY OF SUCH A FILE AND ASKED HOW GOVERNMENT PROCUREMENT, SUBSIDIES, IMPORT VALUATION AND OTHER GENERAL NTMS WOULD BE TREATED IN TARIFF RATE FILE. U.S. SUGGESTED THAT AUSTRALIA PROVIDE A PAPER ON ITS PROPOSAL (AUSTRALIA AGREED). EC STATED THAT THE ISSUE OF SPECIFIC NTBS IS BEING COVERED IN NTM GROUPS WHERE INFO ON SPECIFIC NTMS IS ALREADY AVAILABLE.

(C) COUNTRIES TO BE EXEMPTED FROM FORMULA APPLICATION. LDCS (TURKEY, ARGENTINA, SPAIN, URUGUAY, INDIA, ECUADOR) EXPRESSED MOCK AMAZEMENT THAT THERE IS EVEN A QUESTION ABOUT THIS SINCE THEY EXEMPTED FROM FORMULA APPLICATION BY TOKYO DECLARATION AND SUGGESTED THAT ITEM BY ITEM APPROACHES BE ELABORATED FOR THEIR USE. CANADA LIMITED OFFICIAL USE

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STATED THAT ITS POSITION DEPENDS ON THE FORMULA CHOSE, WHILE AUSTRALIA SAID THAT IT IS TOO EARLY TO COMMENT.

3. UNIT OF REFERENCE. EC RECALLED ITS PROPOSAL IN PAPER IT GABLED AT MAY MEETING OF GROUP AND STATED THAT IT WANTS DISCUSSION ON PAPER IN "NOT TOO FAR DISTANT FUTURE". THE GROUP AGREED THAT AT THE REQUEST OF ANY DEL ISSUE COULD BE BROUGHT UP FOR DISCUSSION.

4. STUDY OF IMPLICATIONS OF TARIFF FORMULAE FOR TRADE OF LDCS. HIGHLY CONFUSED AND EMOTIONAL DISCUSSION OCCURED. LDCS PROPOSED SECRETARIAT STUDY THE EFFECTS OF MFN TARIFF REDUCTION ON GSP MARGINS AND EXPORTS OF LDCS IN GENERAL. MEXICO (WHICH ARRIVED LATE

IN THE DISCUSSION) WANTED A STUDY NOW WHICH WOULD COVER PRODUCTS IN BTN CHAPS 1-99. ALL OTHER LDC DELS ACCEPTED CHAIRMAN PATTERSON'S VIEW THAT A STUDY NOW WOULD BE PREMATURE. AUSTRALIA STRESSED THIS PREMATURITY ASPECT STATING THT IT DID NOT SUBMIT ITS TARIFF DATA TO BE "MANIPULATED FRIVIOUSLY BY A COMPUTER, CLERK, OR A DEVELOPING COUNTR", AND NOTED THAT NO DISCUSSION EARLIER SIMILAR SECRETARIAT STUDY WAS EVEN HELD (OR WAS IT EVEN READ BY DELEGATIONS.) IT ALSO STRESSED THAT THE METHODOLOGY AND CONTENT OF STUDY IS UNKNOWN. LDC PROPOSAL FINALLY TOOK FOLLOWING FORM, AS PUSHED BY INDIA: (1) GROUP WOULD DECIDE IN PRINCIPLE THAT SUCH A STUDY WOULD BE UNDERTAKEN PRIOR TO FINAL SELECTION OF FORMULA; (2) SECRETARIAT WOULD PREPARE A SYSTEM FOR RAPIDLY EVALUATING IMPLICATIONS OF TARIFF FORMUALE FOR TRADE OF LDCS; AND (3) SECRETARIAT WOULD CONSULT WITH ALL INTERESTED DELS (DCS AND LDCS) ON STUDY CONTENT. U.S. STATED THAT WITHOUT KNOWING WHAT CONTENT OF STUDY WOULD BE, U.S. COULD NOT AGREE ON PROPOSAL AT THIS POINT IN TIME ALTHOUGH IT WOULD NOT STAND IN WAY OF GROUP TO AGREE IN PRINCIPLE ON PROPOSAL. EC AND AUSTRALIA EXPRESSED RELUCTANT APPROVAL OF PROPOSAL, ALTHOUGH AUSTRALIA INDICATED IT COULD NOT APPROVE A SPECIFIC STUTY UNTIL DELS CONSULTED. THE GROUP AGREED AND PATTERSON INDICATED THAT A PROGRESS REPORT ON SYSTEM WOULD BE MADE AT NEXT MEETING.

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5. IN SECRETARIAT SUMMING UP (SEPTTEL, BRAZIL ADDED LANGUAGE THAT LDCS WOULD TAKE UP AT TNC NEXT WEEK ISSUE OF DEVELOPING SPECIAL PRODCEDURES FOR PARTICIPATIONBY LDCS IN TARIFF NEGOTIATIONS.

6. DATE FOR NEXT TARIFFS GROUP MEETING SET FOR WEEK OF OCTOBER 13.

7. COMMENT: MEETING WAS MARKED BY INTENSE LDC UNITY ON SOME ISSUES AND CONSIDERABLE DISARRAY ON THERS. CONCERNING STUDY AGREED IN PARA 4, ARGENTIAN (ALIA-FORMERLY OF UNCTAD SECRETARIAT) WAS BITTER AND DISRUPTIVE, ATTACKING DCS AND LDCS ALIKE AND WAS FREQUENTLY INSULTING. INDIE CAME CLOSE TO PROPOSING THATNO TARIFF CUTTING FORMULA BE AGREED UNTIL STUDY COMPLETED. LDC MOOD REFLECTED THEIR REACTION TO UNIFORMLY NEGATIVE RESPONSE BY DCS EARLIER IN WEEK TO LDC PROPOSALS TO BIND GSP AND ESTABLISH NEW PREFERENTIAL BOUND CONSESSIONS IN GATT, AS WELL AS THEIR (CORRECT) CONCLUSION THAT DCS ARE PRIMARLY CONCERNED ABOUT THEIR OWN TRADE AND ONLY SECONDARILY ABOUT LDCS'S TRADE. U.S.

WAS OBLIGED BY POSITION PAPER (TPSC 75-12) TO MAKE NO
COMMITMENTS ABOUT STUDY AND THEREFORE INSISTED ON
LANGUAGE IN SUMMING UP RECORDING ITS INABILITY AGREE TO
DECISION ON STUDY. UNIT OF REFERENCE NON-DISCUSSION
WAS CAREFULLY STRUCTED IN ADVANCE BY U.S. DELEGATION,
AIDED BY INFORMAL DEL PAPER WHICH WAS GIVEN TO
EC. WE WILL BE HEARING MORE FROM THE EC ON UNIT OF
REFERENCE, BUT EC DID NOT INSIST ON DETAILED DISCUSSION
OF ITS PROPOSAL NOR INSIST IT CONTINUE BE AN
AGENDA ITEM. WALKER

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